

Wildlife Resources Commission (WRC)

1. Brief history of the requirement to use 50% of the expendable interest in the endowment.

On May 21, 2013, a proposed committee substitute (PCS) for Senate Bill 402, Appropriations Act of 2013, was introduced in the Senate. In addition to a \$9 million reduction to WRC, Section 14.27 of the PCS included provisions to:

- Repeal the prohibition on expenditures from income derived from the sale of Infant Lifetime Sportsman and Youth Lifetime Sportsman Licenses; and
- Repeal the prohibition against spending the principal of the Wildlife Endowment Fund when the balance of the fund exceeds \$100,000,000.

These repeals would have amended longstanding law establishing the Wildlife Endowment Fund and would have resulted in an immediate loss of approximately \$3 million of federal funds apportioned to North Carolina. *Note:* Federal Wildlife and Sportfish Restoration funds are apportioned to each state according to a formula that includes each state's land and water surface area and *total number of certified license holders*. Under the repeal, WRC would lose eligibility to certify those licenses for multiple years, reducing the State's apportionment of federal funds

Ultimately, an agreement was reached to maintain the protections of Infant and Youth Lifetime License interest income until a maturation date of 16 years; and protect the principle accruing in the fund. The agreement required the WRC expend at least 50% of annual expendable interest on programs or projects that fulfill its strategic plan.

2. Can you also give information on how WRC uses interest from the Endowment?

Income received and accruing from the investment of the Wildlife Endowment Fund must be spent only in furthering the conservation of wildlife resources and the efficient operation of the Commission (G.S. 143-250.1(d)(4)). Under the requirement to spend 50% of annual expendable interest, Endowment interest spending has ranged from \$1.6 million to \$2.5 million per year.

These funds have been primarily used to:

- Support the repair and renovation needs of the WRC's vast infrastructure. (*Note:* WRC is not eligible for repair and renovation funds like most other agencies);
- Support fisheries and wildlife studies; and
- Purchase equipment and safety items for wildlife law enforcement.

A few recent projects include the construction of the Foothills Public Shooting Range of Cleveland County, body armor for the wildlife law enforcement officers, repair of the Rhodes Pond Dam,

native freshwater mussels diet and nutrient cycling study, matching funds for federal grants on several land acquisitions, and the Perquimans Boating Access Area renovation.

3. Can you provide any information on why we don't use infant and youth license revenue – other than that is how the State wrote the law?

In addition to State Statute, G.S. 143-250.1(d)(2), which requires that no expenditures or disbursements from the income earned from the sale of Infant and Youth lifetime licenses be made until the licensee turns 16, U.S. Fish and Wildlife Service rules regarding the certification of licenses inform this policy. As noted previously, the total number of certified license holders accounts for 50 % of the allocation formula for U.S. Fish and Wildlife Pittman-Robertson and Dingell-Johnson funding.

Under current law, due to the restrictions on the ability to use income earned on these licenses, WRC is able to count reduced rate license holders for the entirety of their life (i.e. for multiple years). If the Commission were to spend the interest prior to the holder turning 16, the license would be unable to be counted for all years prior to reaching the mortality table limit, which would artificially limit the number of license holders that could be certified – reducing the State's apportionment of federal funds.

4. Do you have any projections on the growth and planned uses of the endowment?

Please see attached PDF file for estimated growth. The growth is estimated as it is based on assumptions about the use of current interest and endowment funds.

5. Any other comments on threats/ opportunities related to federal grants?

The main sources of federal grants are:

- Pittman-Robertson (Wildlife Restoration): An apportioned not appropriated grant; funding is expected to be relatively stable.
- Dingell-Johnson (Sport Fish Restoration): An apportioned not appropriated grant; funding is expected to be relatively stable. However, this funding has seen large increases in the past four years, due to the increase in gun and ammunition sales. It is unclear whether this increase will continue or if it will decline.
- State Wildlife Grants: An appropriated grant, which is often the debate of reduced funding, These grants provide funding for species of greatest conservation need identified in State Wildlife Action Plans, species that are not traditionally not hunted or fished. If funding for this program were reduced or eliminated, the Commission would lose the primary source of revenue that is used to keep common species common, increasing the risk of species being added to the federal endangered species list.

However, on July 6, 2016, the Recovering America's Wildlife Act, H.R. 5650, was introduced as a result of the Blue Ribbon Panel on Sustaining America's Diverse Fish and

Wildlife Resources. This legislation calls for \$1.3 billion to be dedicated from the development of energy and mineral resources on federal lands and waters to fund implementation of State Wildlife Action Plans. If this legislation passes, North Carolina could realize significant *new* federal funding to support non-game species work.

All of the federal grants that the Commission receives require non-federal match, Pittman-Robertson (25%), Dingell-Johnson (25%), State Wildlife Grants (35%), and the proposed Recovering America's Wildlife Act (25%). The Commission currently uses receipts and in-kind support from partners to provide the required match. Increases in federal grant funds will require additional non-federal matching funds.

6. How does WRC typically pay for land purchases?

- WRC does not typically finance land purchases. In fact, staff can only recall a single time where WRC has borrowed money to complete a land acquisition, the 70,000-acre acquisition from International Paper in 2006.
- Typically, WRC only pursues a parcel of land when funds have been identified and are available. To that end, land acquisitions are typically paid for using:
 - Federal grants (competitive and non-competitive),
 - Grants from Clean Water Management Trust Fund,
 - Donations, and
 - WRC endowment fund interest.

More detail is available upon request.

Department of Labor

7. Costs of being a State Plan State vs. Federal take-over.:

- Pros:
 - Savings to General Fund net appropriation (\$11.8M in 2017-18)
- Cons:
 - State would no longer control OSH program, likely resulting in a reduced emphasis on training and assistance for NC-specific industries
 - State's injury/illness rates may rise to more closely align with the national average, which is more representative of federally-run OSH programs

More detail is available upon request.